

Message Text

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PAGE 01 CANBER 02446 040328Z
ACTION EB-08

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 L-03 FRB-03
OMB-01 ITC-01 SP-02 AGRE-00 AID-05 CIAE-00
COME-00 INR-10 LAB-04 NSAE-00 OIC-02 SIL-01
STR-07 TRSE-00 CEA-01 SS-15 SSO-00 NSCE-00 INRE-00
INT-05 ICAE-00 /104 W
-----094485 040334Z /64

O R 040213Z APR 78
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC IMMEDIATE 2859
INFO AMEMBASSY BONN
AMCONSUL BRISBANE
US MISSION GENEVA IMMEDIATE 900
AMEMBASSY LONDON
AMCONSUL MELBOURNE
AMEMBASSY MOSCOW
USLO PEKING
AMCONSUL PERTH
AMEMBASSY STOCKHOLM
AMCONSUL SYDNEY
AMEMBASSY TOKYO

LIMITED OFFICIAL USE CANBERRA 2446

E.O. 11652: N/A
TAGS: ETRD, EMIN, AS
SUBJECT: TRADE AND DEVELOPMENT BOARD (TDB) - TUNGSTEN

REF: STATE 084782 (NOTAL)

1. EMBOFF WAS NOT ABLE TO DISCUSS REFTEL WITH G. MCGREGOR,
ACTING ASSISTANT SECRETARY, NO .3 BRANCH (METALS AND MINERALS),
COMMODITY POLICY BRANCH, DEPARTMENT OF TRADE AND RESOURCES
(DTR) UNTIL LATE AFTERNOON OF APRIL 3 DUE TO OTHER
OBLIGATIONS ON MCGREGOR'S PART.

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2. MCGREGOR SAID REFTEL HAD CLEARLY CROSSED WITH CABLE
DTR HAD SENT TO COMMERCIAL MINISTER SWIFT IN
WASHINGTON INSTRUCTING HIM TO PRESENT AUSTRALIAN
POSITION TO ASSISTANT SECRETARY KATZ. AS WE UNDERSTAND
THIS MEETING HAS BEEN HELD, DEPARTMENT NO DOUBT BY NOW
FULLY AWARE OF AUSTRALIAN POSITION.

3. MCGREGOR SAID THAT IT INCREASINGLY THE CONVICTION OF AUSTRALIA AND OTHER PRODUCERS THAT WAYS AND MEANS MUST BE FOUND TO STABILIZE TUNGSTEN MARKET AND THAT IT WAS WITH THIS GOAL IN MIND THAT AUSTRALIAN TEXT FOR AN ICA WAS SUBMITTED. HE SAID THAT AS IN PAST AUSTRALIA NOT WEDDED TO ITS DRAFT, BUT IT IS FIRMLY TIED TO CONCEPT OF MARKET STABILIZATION AND THAT WHILE SO FAR CONSUMER COUNTRIES HAD OPPOSED AUSTRALIAN DRAFT, THEY HAD NOT COME UP WITH ANY REAL ALTERNATIVES, EXCEPT FOR A PCF.

4. MCGREGOR SAID THAT SWIFT HAD BEEN INSTRUCTED TO SUGGEST THE POSSIBILITY OF HOLDING A PREPARATORY MEETING (OR MEETINGS) BEFORE ANY ACTUAL NEGOTIATING CONFERENCE WOULD BEGIN. AUSTRALIANS CLEARLY DO NOT WANT TO SEE TDB MEETING RESULT IN DONNYBROOK AND HOPE PROBLEM CAN BE SOLVED BY REACHING AN AGREEMENT TO HOLD A NEGOTIATING MEETING PRECEDED BY PREPCOM(S) AT WHICH REAL KNOTTY QUESTIONS COULD BE WORKED OUT IN A MORE INFORMAL SETTING. THEY ALSO SEE NEED FOR PREPARATORY COMMITTEE MEETING(S) BECAUSE THEY ADMIT QUITE FRANKLY THAT SOME OF CONSUMER COUNTRIES WHICH SIDED WITH THEM HAVE SINCE STATED THAT IN DOING SO THEY DID NOT WANT TO IMPLY THAT THEY ACCEPTED ALL ASPECTS OF AUSTRALIAN DRAFT.

5. MCGREGOR SUMMED UP PROBLEM OF POSSIBLE ICA FOR LIMITED OFFICIAL USE

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TUNGSTEN AS FOLLOWS: "IT IS NOT CLEAR WHETHER THE U.S. MEANS THAT THERE SHALL BE ABSOLUTELY NO ICA FOR TUNGSTEN, OR WHETHER THEY MEAN NO ICA BASED ON THE AUSTRALIAN TEXT? IF THE LATER, THEN THERE IS REAL ROOM FOR COMPROMISE. IF THE FORMER, THEN THERE APPEARS TO BE NONE."

6. MCGREGOR SAID THAT HE TRUSTED THAT USG WOULD NOT LOSE SIGHT OF FACT THAT FOR ALMOST FIRST TIME IN HISTORY OF COMMODITY NEGOTIATIONS BOTH (EMPHASIZED) USSR AND PRC APPEARED READY TO "COME TO THE PARTY". HE SAID THAT FROM AUSTRALIAN POINT OF VIEW THIS WAS SIGNIFICANT NOT ONLY FOR TUNGSTEN, BUT FOR OTHER COMMODITIES AS WELL. EMBOFF SAID THAT HE WAS SURE DEPARTMENT HAD TAKEN THIS FACT FULLY INTO ACCOUNT.

7. COMMENT: AS DEPARTMENT IS AWARE, GOA IS WILLING TO TAKE SUCH A STRONG STAND ON ICA ON TUNGSTEN BECAUSE IT HAS FULL SUPPORT OF AUSTRALIAN INDUSTRY. AUSTRALIANS FEEL NEED FOR STABLE TUNGSTEN PRICES LARGELY BECAUSE OF PROBLEM OF RETAINING LABOR AT REMOTE KING ISLAND MINE, WHERE TUNGSTEN MINE IS ONLY REALY INDUSTRY. DURING

LAY-OFFS IN TIMES OF WEAK PRICES, MINERS LEAVE ISLAND
FOR OTHER MINING JOBS ON MAINLAND AND IT IS VIRTUALLY
IMPOSSIBLE TO LURE THEM BACK IN GOOD TIMES.
ALSTON

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Message Attributes

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Disposition Approved on Date:
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